

AGENDA ITEM NO. 4

AGENDA REPORT

OVERSIGHT BOARD FOR THE CITY OF MAYWOOD
AS SUCCESSOR AGENCY OF THE MAYWOOD
COMMUNITY REDEVELOPMENT AGENCY

DATE: FEBRUARY13, 2013

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

FROM: ANDRE DUPRET, PROJECT MANAGER

SUBJECT: REPORT BY THE SUCCESSOR AGENCY AS IT PERTAINS TO BOND ISSUES, PARTICULARLY REFINANCING OUTSTANDING BOND ISSUES IN OTHER AGENCIES, AND INTERESTED RATES ASSOCIATED WITH 2007 BONDS, AS REQUESTED BY THE OVERSIGHT BOARD AT THE MEETING OF JANUARY 9, 2013.

RECOMMENDATION

No action is necessary at this time. The following are responses to inquiries made by Maywood Oversight Board members at the January 9th, 2013 meeting.

FISCAL IMPACT

There is no fiscal impact on this item.

BACKGROUND

At the January 9th, 2013 meeting, the Oversight Board directed Successor Agency staff to obtain additional information regarding bond refinancing. The foregoing are the responses to the questions raised.

DISCUSSION

Question 1: Have any other Successor Agencies pursued refinancing for their outstanding bond issues?

Response: Yes, a number of agencies are evaluating refinancing. To date, only a couple of agencies have successfully refinanced their bonds. Those agencies are Dinuba and Monrovia. Other agencies that are pursuing refinancing have bonds with earlier prepayment dates of 2012, 2013 or 2014 whereas the Maywood Successor

Agency's prepayment date is 2017 so that the earliest it could refinance without a pre-payment penalty is 2017.

Question 2: What are the interest rates on the outstanding 2007 Bonds?

Response: Approximately \$10.3 million of the outstanding bonds bear a 5% interest rate. The remaining outstanding bonds bear an interest rate in the range of the high 3% to mid 4%. Attached are the bond documents reflecting these amounts.

Attachment: Excerpt from the Series 2007 Tax Allocation Bonds Official Statement

NEW ISSUE —BOOK-ENTRY ONLY

RATING

S&P: Insured "AA"

(See "CONCLUDING INFORMATION—Rating" herein)

In the opinion of Greenberg Traurig, LLP, Santa Monica, California, Bond Counsel, assuming continuing compliance with certain tax covenants, statutes, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103(a) of the Internal Revenue Code of 1986 (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain alternative minimum tax and environmental tax liabilities on income and earnings. Bond Counsel is further of the opinion that the Bonds and interest thereon are exempt from personal taxation under the laws of the State of California. See "CONCLUDING INFORMATION—Tax Matters" herein.

\$21,650,000

**COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF MAYWOOD
TAX ALLOCATION BONDS
(MERGED MAYWOOD REDEVELOPMENT PROJECT AREA)
SERIES 2007**

Dated: Date of Delivery

**Due: August 1, as set forth on the inside front
cover**

The Community Development Commission of the City of Maywood (the "CDC") is issuing its Tax Allocation Bonds (Merged Maywood Redevelopment Project Area) Series 2007 (the "Bonds") pursuant to an Indenture of Trust, dated as of May 1, 2007 (the "Indenture"), by and between the CDC and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The Bonds will be issued as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The principal or redemption price of each Bond will be payable upon the presentation and surrender of each Bond, when due or redeemed, as applicable, at the corporate trust office of the Trustee. Interest on the Bonds will be payable on February 1 and August 1 of each year (the "Interest Payment Dates"), commencing August 1, 2007, by check mailed on the Interest Payment Date to each Owner of the Bonds as of the fifteenth day of the month immediately preceding an Interest Payment Date, or by wire transfer upon written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee no later than the fifteenth day of the month next preceding such Interest Payment Date. See "THE BONDS—General" herein.

The Bonds are payable from and secured by Tax Revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Payment of principal of and interest on the Bonds will be insured in accordance with the terms of a financial guaranty insurance policy to be issued simultaneously with the delivery of the Bonds by RADIAN ASSET ASSURANCE INC. See "FINANCIAL GUARANTY INSURANCE" herein.

RADIAN

The Bonds will be issued in book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interest in the Bonds. For so long as the Bonds are registered in the name of Cede & Co., the Trustee will make all payments of principal and interest on the Bonds to DTC, which, in turn, is obligated to remit such principal and interest to DTC Participants (defined herein) for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds. See "THE BONDS—Book-Entry Only System" herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption as described herein.

The CDC expects to use the proceeds of the Bonds to (i) finance certain redevelopment activities benefiting the Project Area (as defined herein), (ii) cause the refunding of the Maywood Public Financing Authority Variable Rate Demand Revenue Bonds, 2003 Series A (Maywood Redevelopment Agency - Merged Redevelopment Project Area), (iii) to fund a reserve account for the Bonds, and (iv) to pay costs of issuance of the Bonds. The CDC will sell the Bonds to the Maywood Public Financing Authority (the "Authority") for resale to the Underwriter.

The Bonds are special obligations of the CDC and as such are not a debt of the City of Maywood (the "City"), the Authority nor the State of California (the "State") or any of its political subdivisions (other than the CDC), and neither the City, the State, nor any of its political subdivisions (other than the CDC) is liable for the payment thereof. The Bonds are special obligations of the CDC payable exclusively from the Tax Revenues from the City-Wide Project Area, and amounts held in certain funds and accounts created pursuant to the Indenture. The CDC is not obligated to pay the principal of and interest on the Bonds except from such Tax Revenues, and the amounts held in certain funds and accounts held under the Indenture. In no event will the Bonds be payable out of any funds or properties other than those of the CDC pledged therefor. Neither the members of the CDC nor any persons executing the Bonds are liable personally on the Bonds.

This cover page of the Official Statement contains information for quick reference only. It is not, and is not intended to be, a complete summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein. See "RISK FACTORS" herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Greenberg Traurig, LLP, Santa Monica, California, Bond Counsel. Certain legal matters will be passed on for the CDC and the Authority by the City Attorney, acting as counsel to the CDC and the Authority and for the CDC by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about May 15, 2007.



Alta Vista Financial, Inc.
Investment Banking

Dated: May 2, 2007

Maturity Dates, Principal Amounts, Interest Rates and Yields

\$21,650,000

**Community Development Commission of the City of Maywood
Tax Allocation Bonds**

(Merged Maywood Redevelopment Project Area)

Series 2007

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2008	\$385,000	3.500%	3.65%	57868PAA3
2009	395,000	3.500	3.70	57868PAB1
2010	415,000	3.600	3.75	57868PAC9
2011	425,000	3.600	3.77	57868PAD7
2012	440,000	3.625	3.82	57868PAE5
2013	460,000	3.800	3.95	57868PAF2
2014	475,000	4.000	4.00	57868PAG0
2015	495,000	4.000	4.05	57868PAH8
2016	515,000	4.000	4.10	57868PAJ4
2017	535,000	4.000	4.15	57868PAK1

\$3,040,000 4.375% Term Bonds due August 1, 2022 – Yield: 4.500% CUSIP*: 57868PAL9

\$3,770,000 4.500% Term Bonds due August 1, 2027 – Yield: 4.650% CUSIP*: 57868PAM7

\$4,735,000 5.000% Term Bonds due August 1, 2032 – Yield: 4.550% CUSIP*: 57868PAN5**

\$3,565,000 4.500% Term Bonds due August 1, 2037 – Yield: 4.720% CUSIP*: 57868PAQ8

\$2,000,000 5.000% Term Bonds due August 1, 2037 – Yield: 4.600% CUSIP*: 57868PAP0**

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**** Yield to par call on August 1, 2019.**